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17/SMS02/033

ACC 302

TELECOMMUNICATI ON SERVICES

OMATEK VENTURES

Ratio computation from the statement of profit or loss and the statement of financial position as at 2018 (group)

Liquidity ratios

a) Current ratio

766,000,000`

,903,000

1:11

b) Quick asset ratio

766,000,000-620,000,000

6,903,000

=1:21

c) Receivable collection period

108,000,000 x 12months

18000000

=72months

d) Payables payment period

5,918,000 x 12months

5,000,000

=14months

e) Inventory turnover period

310,000,000 x 12months

5000000

=744months

f) Receivable turnover period

18,000,000

108,000,000

=0.16times

g) Payables turnover

5,000,000

5,918,000 =0.84

=1time

h) Receivable turnover=108,000,000/18,000,000=60times

i) Inventory Turnover=5,000,000/310,000,000=0.01times

PROFITABILITY

ROCE

j) 1,154,000

5,964,000

=0.19

k) Gross profit margin

130,000,000 x 100

15,000,000

=72%

l) Net Profit Margin= (1,045,000)/80,000,000 x100 %=( 1.3%)

m) Expenses Percentage= Individual Expense/Total Expense X100%

Adim Expense=43,000,000/966,000,000 x100%=4%

Finace cost= 919,000,000/966,000,000 x100%=95%

Income Tax Expense= 4,000,000/966,000,000=0.4%

n) Expenses to Sales= Individual Expense/Sales X100%

Adim Expense=43,000,000/ 80,000,000 x100%= 53%

Income Tax Expense= 4,000,000/80,000,000 x100%=5%

INVESTORS RATIO

o) Net Asset Per Share= Net asset –Preference shares/ NO of ordinary shares in issue=5,288,000/2,941,789=₦2

p) Dividend per share= Gross dividend/ No of ordinary shares in issue=1,470,895/2,941,789=₦0.5

q) Dividend Yield=Dps/mps x100%= 0.5/0.5=100%

Long Term Solvency ratios

r) Gearing ratio= Debt/Equity=8,335,000/3,046,000=3

s) Total Debt To Equity= Noncurrent liabilities+ Current liabilities/ Equity=3,909,000+4,425,000/3,046,000=3

t) Fixed interest Covered= PBIT/ Finance cost=1,042,000/919,000,000=0times

THE RATIO COMPUTATION FOR MTN ANNUAL FINANCIAL STATEMENT AND STSTEMENT OF FINANCIAL POSITION

SHORT TERM SOLVENCY RATIO

a) Current ratio

58,038,000

72,570,000

=0.8

=1:1

b) Acid test ratio

58,038,000-2,995,000

72,570,000

=0.75:1

c) Receivable collection period

26,669,000 x365

134,560,000

=72days

d) Payable payment period

48,354,000 x 365days

25,370,000

=696days

e) Receivable turnover

134,560,000

26,669,000

=5times

f) Payables turnover

25,370,000

48,354,000

=1times

g) Inventory turnover

25,370,000

2,995,000

=8times

PROFITABILITY RATIO

h) ROCE

15,008,000 x 100

88,226,000

=17%

i) Expenses Percentage

Finance Cost=404,000,000/625,000,000 x100%=65%

Operating Expense=266,000,000/625,000,000 x100%=43%

Income Tax Expense=15,000,000/625,000,000 x100%=2%

Long Term Solvency Ratio

j) Gearing ratio=2,866,000/21,490,000=0.13

k) Total Debt to Equity= 2,866,000/21,490,000=0.13

l) Fixed Interest Covered=11,972,000/404,000,000=0.03times

**COMPUTATION OF ACCOUNTING RATIOS FOR THE OIL AND GAS**

**SECTOR**

|  |  |  |  |
| --- | --- | --- | --- |
| S/N | RATIOS/FORMULA | CONOIL PLC | FORTE OIL PLC |
| A | SHORT TERM SOLVENCY AND LIQUIDITY RATIOS | N’000 | N’000 |
| 1 | CURRENT RATIOS  = Current Assets  Current liabilities | 54,908,451=1.32:1  41,641,699 | 49,591,082=1.26:1  39,438,641 |
| 2 | Quick Asset =  Current assets-inventory  Current liabilities | 54,908,451- 9,141,599  41,641,699  =1.1:1 | 49,591,082-9,528,146  39,438,641  =1.0:1 |
| 3 | RECEIVABLES COLLECTION PERIOD =Trade receivables \* 365 days  Credit sales | 30,295,096\*365 days  122,213,014  =91days | 28,611,871\*365days  134,706,306  =78days |
| 4 | PAYABLE PAYMENTS PERIOD  =Trade payables\* 365days  Credit purchases | 35,065,872\*365days  109,442,111  =117 days | 26,097,620\*365days  123,376,240  =77 days |
| 5 | INVENTORY TURNOVER PERIOD  =Average inventory\* 365 days  Cost of sales | 7,401,377\*365days  109,442,111  =25 days | 7,072,266\*365days  123,376,240  =21 days |
| 6 | RECEIVABLES TURNOVER  =Credit sales  Receivables | 122,213,014 =4 times  30,295,096 | 134,706,306 =4.7 times  28,611,871 |
| 7 | PAYABLES TURNOVER  = Credit purchases  Payables | 109,442,111=3.1 times  35,065,872 | 123,376,240 =4.7 times  26,097,620 |
| 8 | INVENTORY TURNOVER  =Cost of sales  Average inventory | 109,442,111=15 times  7,401,377 | 123,376,240 =18 days  7,072,266 |
| B | EFFICIENCY / PROFITABILITY RATIO |  |  |
| 1 | RETURNS ON CAPITAL EMKNPLOYED= Profit after tax  Equity(shareholder’s fund) | 1,796,042 =0.10  18,301,074 | 631,471=0.05  13,748,970 |
| 2 | GROSS PROFIT MARGIN  =Gross profit \* 100%  Sales | 12,770,902 \*100  122,213,014  =10.5% | 11,330,066\*100  134,706,306  =8.4% |
| 3 | NET PROFIT MARGIN  = Net profit \* 100  Sales | 1,796,042 \*100  122,213,014  =1.5% | 631,471\*100  134,706,306  = |
| C | INVESTOR/ SHAREHOLDERS’ RATIO |  |  |
| 1 | EARNING PER SHARE (given) | 0.259 | 0.48 |
| 2 | PRICE EARNING RATIO  =Market price per share  Earnings per share | 18.5 =71times  0.259 | 18.1=38 times  0.48 |
| 3 | EARNINGS YIELD  = EPS  MPS | 0.259=0.014  18.5 | 0.48 =0.027  18.1 |
| 4 | NET ASSETS PER SHARE  =Net assets –preference shares  No of ordinary share in issue | 60,897,246-0  693,952  =87.8 | 60,729,733-0  1,310,628,  =46.3 |
| 5 | DIVIDEND PER SHARE  =Gross dividend  No of ordinary shares | 2,151,252  693,952  =3.1 |  |
| 6 | DIVIDEND PAYOUT RATIO  =Dividend per share \* 100  Earnings per share | 3.1\*100=12%  0.259 |  |
| 7 | DIVIDEND YIELD=  DPS \*100  MPS | 3.1\*100 =16.7%  18.5 |  |
| 8 | DIVIDEND COVER  =Profit after tax –preference dividend  Gross dividend | 1,796,042- 0  2,151,252  =0.83 |  |
| D | LONG TERM SOLVENCY AND STABILITY RATIO |  |  |
| 1 | GEARING RATIO =  DEBT  TOTAL CAPITAL | 954,473  60,897,246  =0.02 | 7,542,122  60,729,733  =0.12 |
| 2 | TOTAL DEBT TO SHAREHOLDER’S FUND  =Noncurrent liabilities +Current liabilities  Equity | 42,596,172  60,897,246  =0.7 | 46,980,763  60,729,733  =0.8 |
|  |  |  |  |
|  |  |  |  |

HEALTH CARE SERVCES

FIDSON HEALTH CARE PLC

1. Current ratio

=

=

=0.72

1. QUICK ASSET TEST

=

=

=0.72

1. RECEIVABLES COLLECTION PERIOD:

= X 365 Days

= x 365 Days

=70.92 days

1. PAYABLES PAYMENT RATIO

= X 365 Days

= X 12 Months

=0

1. INVENTORY TURNOVER PERIOD

= X 365 Days

= X 365 Days

=85.29 Days

1. RECEIVABLES TURNOVER

=

=

=5.15

1. PAYABLES TURNOVER

=

=

=0

1. INVENTORY TURNOVERY

=

=

=4.28

INVESTORS/SHAREHOLDERS RATIO:

MPS=

1. EARNING PER SHARE

=

=

=0.00

1. PRICE EARNINGS RATIO

= = = 0

1. EARNIG YIELD

= = = 0

1. NET ASSET PER SHARE

=

=

=0.01

1. DIVIDEND PER SHARE

= =

= 0.00

1. DIVIDEND PAYOUT RATIO

=

=

=0%

1. DIVIDEND YIELD

=

=

=0%

1. DIVIDEND COVER

= = X times

= = 0 times’

LONG TERM SOLVENCY

1. GEARING RATIO

= =

=0.39

1. FIXED INTEREST COVER

= = X TIMES

= =14.33 TIMES.

1. TOTAL DEBT TO SHAREHOLDER

=

=

=1.86

EFFICIENCY AND PROFITABILITY

1. RETURN ON CAPITAL EMPLOYED

= PROFIT MARGIN X ASSET TURNOVER

1. P.M =
2. ASSET TURNOVER =

P.M =

= -0.006%

ASSET TURNOVER=

=1.63%

ROCE = -0.01 X 1.63

=-0.0163% .

1. GROSS PROFIT PERCENTAGE.

= X 100%

= X 100%

=0.39%

1. NET PROFIT PERCENTAGE

= X 100%

= X 100%

=-0.01

1. EXPENSES PERCENTAGE

= X 100%

1. ADMIN EXP

= X 100%

=0.39%

1. SADE

= X 100%

=0.28%

1. FINANCE COST

= X 100%

=0.29%

1. INCOME TAX REFUND

= X 100%

=0.04%

1. EXPENSES TO SALES

= X 100%

1. ADMIN EXP

= X 100%

=

1. SADE

= X 100%

=

1. FINANCE COST

= X 100%

=

1. INCOME TAX REFUND

= X 100%

BASIC MATERIALS

SHORT TERM SOLVENCY & LIQUIDITY RATIO

|  |  |  |  |
| --- | --- | --- | --- |
|  | PORTLAND PAINTS | CAP PLC |  |
| 1.CURRENT RATIO/WORKING CAPITAL RATIO | 1,718,570,000  700,439,000  =2.45 | 5,545,093  3,375,254  =1.64 |  |
| 2.QUICK ASSET/ACID TEST RATIO | 1,718,570,000 – 728,047,00  700,439  =1.41 | 5,545,093 – 884,115  3,375,254  =1.38 |  |
| 3.RECEIVABLES COLLECTION PERIOD | (476,180 + 406,813) ÷ 2  2,829,262  =0.16 X 365 = 58.4 DAYS | (172,488 + 110,700) ÷ 2  7,764,534  =0.02 X 365 = 7 DAYS |  |
| 4.PAYABLES PAYMENT PERIOD | (501,988 + 497,755) ÷ 2  1,753,972  =0.46 X 12 = 5.57 MONTHS | (1,559,016 + 1,130,834) ÷ 2  4,034,561  0.33 X 12 = 12 MONTHS |  |
| 5.INVENTORY TURNOVER PERIOD | (728,047 + 900,430) ÷ 2  1,753,972  =0.46 X 12 =5.52 MONTHS | (884,115 + 1,187,405) ÷2  4,034,561  =0.26 X 12 =3.1 MONTHS |  |
| 6.RECEIVABLES TURNOVER | 2,829,262  441,496.5=6.41 | 7,764,534  141,594=54.84 |  |
| 7.PAYABLES TURNOVER | 1,753,972  499,871.5=3.51 | 4,034,561  1,344,925=3 |  |
| 8.INVENTORY TURNOVER | 1,753,972  814,238.5=2.15 | 4,034,561  1,035,760=3.90 |  |

EFFICIENCY/PROFITABILITY RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| 9.RETURN ON CAPITAL EMPLOYED | 307,533  1,551,029=0.20 | 2,885,201  2,935,992=0.98 |  |
| 10.GROSS PROFIT PERCENTAGE/MARGIN | 1,075,290 X 100  2,829,262  =38% | 3,729,773 X 100  7,764,534  =48.04% |  |
| 11.NET PROFIT PERCENTAGE/MARGIN | 206,693 X 100  2,829,262  =7.31% | 2,029,342 X 100  7,764,534  =26.14% |  |
| 12.EXPENSES PERCENTAGE | SELLING AND DISTRIBUTION EXPENSES:  264,619 X 100  948,237  =27.91%  ADMINISTRATIVE EXPENSES:  551,883 X 100  948,237  =58.20%  IMPAIRMENT LOSSES ON FINANCIAL ASSETS:  19,994 X 100  948,237  =2.11%  TAX EXPENSE  100,840 X 100  948,237  =10.63% | SELLING AND DISTRIBUTION EXPENSES:  356,737 X 100  2,089,716  =17.07%  ADMINISTRATIVE EXPENSES  1,149,872 X 100  2,089,716  =55.03  FINANCE COST  14,618 X 100  2,089,716  =0.70% |  |
| 13.EXPENSES TO SALES | SELLING AND DISTRIBUTION EXPENSES:  264,619 X 100  2,829,262  =9.35%  ADMINISTRATIVE EXPENSES:  551,883 X 100  2,829,262  =19.51%  IMPAIRMENT LOSSES ON FINACIAL ASSETS:  19,994 X 100  2,829,262  =0.71%  FINANCE COST:  10,901 X 100  2,829,262  =0.39%  TAX EXPENSE:  100,840 X 100  2,829,262  =3.56% | SELLING AND DISTRIBUTION EXPENSES:  356,737 X 100  7,764,534  =4.59%  ADMINISTRATIVE EXPENSES:  1,149,872 X 100  7,764,534  =14.81%  FINANCE COST:  14,618 X 100  7,764,534  =0.20%  INCOME TAX EXPENSE  569,489 X 100  7,764,534  =7.32% |  |

INVESTORS/SHAREHOLDERS RATIOS

|  |  |  |  |
| --- | --- | --- | --- |
| 14.EARNINGS PER SHARE |  | 2,029,343  7,000,000=2.90KOBO |  |
| 15.PRICE EARNINGS RATIO |  | 0.50  2.90=0.17KOBO |  |
| 16.EARNINGS YIELD |  | 2.90  0.50=5.8 |  |
| 17.NET ASSETS PER SHARE |  |  |  |
| 18.DIVIDEND PER SHARE |  | 2,030,000,OOO  700,000,000=2.9 |  |
| 19.DIVIDEND PAYOUT RATIO |  | 2.90 = 100% |  |
| 20.DIVIDEND YIELD |  | 2.90 × 100  0.50 |  |
| 21.DIVIDEND COVER |  | 2.9  2.9 = 1 |  |

LONG TERM SOLVENCY & STABILITY RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| 22.GEARING RATIO |  | 127,053  2,808,939=0.04 |  |
| 23.FIXED INTEREST COVER |  | 2,285,301 |  |
| 24.TOTAL DEBT FOR SHAREHOLDERS FUNDS |  | 3,502,307  2,808,939 =1.25 |  |

INDUSTRIAL

SHORT TERM SOLVENCY & LIQUIDITY RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| + | JULIUS BERGER | GRIEF |  |
| 1.CURRENT RATIO/WORKING CAPITAL RATIO:  CURRENT ASSETS  CURRENT LIABILITIES | =1.71 | =1.00 |  |
| 2.QUICK ASSET/ACID TEST RATIO | =1.55 | =0.83 |  |
| 3.RECEIVABLES  COLLECTION PERIOD:  AVERAGE TRADE PAYABLES X 12 MONTHS  CREDIT SALES |  | =0.38 |  |
| 4.PAYABLES PAYMENTS PERIOD:  AVERAGE TRADE PAYABLES × 12 MONTHS  CREDIT PURCHASE/COST OF GOODS |  |  |  |
| 5.INVENTORY TURNOVER PERIOD:  AVERAGE INVENTORY X 12 MONTHS  COST OF SALES | =0.08 | =0.19 |  |
| 6.RECEIVABLES TURNOVER:  CREDIT SALES  AVERAGE TRADE RECEIVABLES | 67,908,963 | =2.64 |  |
| 7.PAYABLES TURNOVER:  CREDIT PURCHASES  AVERAGE TRADE PAYABLES |  |  |  |
| 8.INVENTORY TURNOVER:  COST OF SALES  AVERAGE INVENTORY | =12.90 | =5.28 |  |

EFFICIENCY/PROFITABILITY RATIO

|  |  |  |  |
| --- | --- | --- | --- |
| 9.RETURN ON CAPITAL EMPLOYED (ROCE):  PROFIT(RETURN)  CAPITAL EMPLOYED |  |  |  |
| 10.GROSS PROFIT/MARGIN:  GROSS PROFIT ×100  SALES | ×100  =22.35% | (114,676,000)×100  534,611,000  =-21.45% |  |
| 11.NET PROFIT PERCENTAGE/MARGIN:  NET PROFIT × 100  SALES | 4,641,627 ×100  170,326,746  =2.7% | 262,589,000 × 100  534,611,000  =49.11% |  |
| 12.EXPENSES PERCENTAGE:  INDIVIDUAL EXPENSES X 1OO  TOTAL EXPENSES | MARKETING EXPENSES:  78,012 X 100  29,964,493  =0.26%  ADMINSTRATIVE EXPENSES:  20,756,369 X 100  29,964,493  =69.27%  IMPAIRMENT LOSS ON TRADE AND TAX RECEIVABLES:  4,449,772 × 100  29,964,493’  =14.85%  FINANCE COST:  5,464,539 × 100  29,964,493  =18.24%  FOREIGN EXCHANGE ACQUISITION LOSS:  91,215 × 100  29,964,493  =O.30%  INCOME TAX EXPENSE:  1,989,040 × 100  29,964,493  =6.64%  OTHER GAINS AND LOSSES:  1585318 × 100  29,964,493  =5.29% | SELLING AND MARKETING COST:  8250 × 100 |  |
| 13.EXPENSES ON SALES:  INDIVIDUAL EXPENSES × 100 SALES | MARKETING EXPENSES  78,012 × 100  170,326,746  =0.05%  ADMINISTRATIVE EXPENSES  20,756,369 × 100  170,326,746  =12.19%  IMPAIRMENT LOSS ON TRADE AND TAX RECEIVABLES  4,449,772 × 100  170,326,746  =2.61%  FINANCE COST  5,464,539 × 1OO  170,326,746  =3.21%  FOREIGN EXCHANGE ACQUISITION LOSS:  91,215 × 100  170.326,746  =1.17%  OTHER GAINS AND LOSSES  1,585,318 × 100  170,326,746  =0.93% |  |  |

INVESTOR/SHAREHOLDER RATIOS

|  |  |  |  |
| --- | --- | --- | --- |
| 14.EARNINGS PER SHARE:  PROFIT AFTER TAX- PREFERENCE DIVIDEND  NUMBER OF ORDINARY SHARES ISSUED | 3.6 |  |  |
| 15.PRICE EARNINGS RATIO(P/E RATIO):MPS  EPS  WHERE MPS IS MARKET PRICE PER SHARE | 0.50  3.63 |  |  |
| 16.EARNINGS YIELD:EPS  MPS | 3.63  0.5O |  |  |
| 17.NET ASSETS PER SHARE:  PREFERENCE SHARE CAPITAL  NUMBER OF ORDINARY SHARES IN ISSUE | 12.66 |  |  |
| 18.DIVIDEND PER SHARE:  GROSS DIVIDEND  NUMBER OF ORDINARY SHARES | 2 |  |  |
| 19.DIVIDEND PAYOUT RATIO:  DPS × 100  EPS | 2  3.63 |  |  |
| 20.DIVIDEND YIELD: DPS × 100  MPS | 2  0.50 |  |  |
| 21.DIVIDEND COVER:EPS  DPS | 3.63  2 |  |  |

NESTLE NIGERIA PLC RATIO ANALYSIS FOR THE YEAR 2018

1. SHORT TERM SOLVENCY AND LIQUIDITY RATIO

CURRENT RATIO;

=82,734,317

92,117,501

=0.9

QUICK ASSETS OR ACID TEST RATIO;

=

=

=0.65

RECEIVABLES COLLECTION PERIOD;

X 365 DAYS

X 365 DAYS

= 266274621

=58 DAYS

PAYABLES PAYMENT PERIOD

= × 365 DAYS

=60384454 × 365 DAYS =152354445

=147 DAYS

INVENTORY TURNOVER PERIOD

=

=

=114 DAYS

RECEIVABLE TURNOVER

=

=266,274621

= 6 TIMES.

PAYABLE TURNOVER

=

=152354445

60384454

=3 TIMES

INVENTORY TURNOVER

=

=152,354,445

23,124,020

=7 TIMES

1. EFFICIENCY & PROFITABILITY

RETURN ON CAPITAL EMPLOYED

=

=

=

=0.85

GROSS PROFIT MARGIN

=

=

=43%

NET PROFIT PERCENTAGE

=

=

=82%

EXPENSE TO SALES PERCENTAGE

=

=

=16%

1. INVESTORS OR SHAREHOLDERS

EARNING PER SHARE:

=

=

=54.2

PRICE EARNINGS RATIO;

=

=

=27.3

EARNINGS YIELD

=

=

=0.04

NET ASSET PER SHARE

=

=

=63

DIVIDEND PER SHARE

=47.5

DIVIDEND PAYOUT RATIO

=87.6%

DIVIDEND YIELD

=3.2%

DIVIDEND COVER

=1.1

1. LONG TERM SOLVENCY AND STABILITY RATIO

GEARING;

=

=

=0.40

FIXED INTEREST COVER

=

TOTAL DEBT TO SHAREHOLDERS FUNDS

=NON CURRENT LIABILITY + CURRENT

LIABILITY

EQUITY/SHAREHOLDERS FUND

=2.2

INTERPRETATION AND COMPARISON OF THE BASIC MATERIAL

SECTORS

RATIOS BERGER PLC CAP

1. CURRENT

RATIO

Performed less than CAP since

CAP’s ratio was above the

industrial average for basic

material sector of 1.59:1.

Performed better than Berger

paint since its ratio was above

the industrial average for basic

material sector of 1.59:1.

2. Acid Test Ratio If you take out its inventory from

current assets their find it hard to

meet to their short term debts

since the ratio was below the

general rule and industrial

average.

Performed better since its ratio

meets the general rule of 1:1 and

the industrial average for basic

material sector of 1.06:1.

3. Receivable

Collection

Period

Its ratio is good in this area but

not better than CAP’s

It still has a better ratio in this

area.

4 Payable

Payment Period

Its better because its more It isn’t not better because its

lesser

5 Inventory

Turnover Period

It is not better since it has much

higher than CAP meaning that

their goods sell out at a longer

period

It is better since it has much

lower than Berger meaning that

their goods sell out at a much

shorter period

6 Receivables

Turnover

it is not better since the higher the

better and its lower

It is still better since the higher

the better

7 Payables

Turnover

It is not better since the lower the

better and its higher

It is still better since the lower

the better

8. Inventory

Turnover

It isn’t better because its

inventory turnover is lower than

CAP plc

It is still better because it has

higher inventory turnover

B1 ROCE it isn’t better in the comparison

because its capital is lesser

It is still a better ratio than

Berger because it means for

every capital employed more

profit is being generated.

2 Gross Profit

Margin

It doesn’t have a better edge over

CAP plc.

it still has a better edge over

Berger Paint plc.

3 Net Profit

Margin

It doesn’t have a better edge over

CAP plc.

It still has a better edge over

Berger Paint plc.

C1 Earnings per

Share:

It doesn’t have a better EPS ratio

than CAP since theirs is lower.

It still has a better EPS ratio

than Berger Paint since theirs is

higher.

2 Price Earnings

ratio

It is better since it takes 6years 7

months to recoup what

shareholders has invested

Is not better since it takes 7years

to recoup what shareholders has

invested

3. Earning yield performed better in this ratio

meaning that shareholder get a

higher potential return on their

investment

performed lesser in this ratio ,

meaning that shareholder get a

lower potential return on their

investment

4 Net Asset Per

share

It has a better ratio since it is

higher than that of CAP plc

It doesn’t have a better ratio

since it is lower than that of

Berger plc

5 Dividend per

share

It didn’t do better since it has

lower DPS ratio

It did better since it has higher

DPS ratio

6 Dividend

Payout Ratio

It has a lower DPR ratio than

CAP plc which means CAP is

better

It has a higher DPR ratio than

Berger Paint plc which means

CAP is better

7 Dividend yield It isn’t better, since it has a lower

percentage of return on

shareholders’ investment.

It is better, since it has a higher

percentage of return on

shareholders’ investment.

8 Dividend

Covered

It is better as it has a higher ratio It is not better as it has a lower

ratio

D1 Gearing ratio it has a better Gearing ratio by far

since is less than 1 which means

that it is lowly geared

it has a ratio greater than 1

meaning it has highly geared

(that is has more of fixed interest

capital to equity) which is very

bad for the company

2 Total Debt to

Shareholder

fund

It is still better due to the low

ratio indicating that the company

is stable

It is not good because it means

the company may run into risk

in the future of liquidating

3. Fixed Interest

Covered

It is not better than CAP since it

can’t cover up to or more than

CAP

It is better since its profit before

interest and tax can cover its

finance cost up to 178 times

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency CAP plc

performed better than Berger Plc.

B. PROFITABILITY RATIO: In General in the area of Profitability ratios CAP plc performed

better than Berger Plc.

C. INVESTORS RATIO: In general , Berger plc has a better investors ratio than CAP PLC

LONG SOLVENCY RATIO: In General in the area of long term solvency ratios Berger plc

performed better than CAP Plc

INTERPRETATION AND COMPARISON OF THE HEALTH

SECTORS

RATIOS EKOCORP GSK

1. CURRENT

RATIO

Performed less than Gsk since

gsk ratio was above the industrial

average for health sector

Performed better than

EKOCORP since its ratio was

above the industrial average for

Health sector.

2. Acid Test Ratio If you take out its inventory from

current assets their find it hard to

meet to their short term debts

since the ratio was below the

general rule and industrial

average

Performed better than

EKOCORP since its ratio meets

the general rule of 1:1

3. Receivable

Collection

Period

It still has a better ratio in this

area because its lesser

It doesn’t have a better ratio in

this area because its more

4 Payable

Payment Period

Its better because its more It isn’t not better because its

lesser

5 Inventory

Turnover Period

It is better since it has much

lower than gsk meaning that their

goods sell out at a much shorter

period

It is not better since it has much

higher than EKOCORP meaning

that their goods sell out at a

longer period

6 Receivables

Turnover

It is still better since the higher

the better

it is not better since the higher

the better and its lower

7 Payables

Turnover

It is still better since the lower

the better

It is not better since the lower

the better and its higher

8. Inventory

Turnover

It is still better because it has

higher inventory turnover

It isn’t better because its

inventory turnover is lower than

EKOCORP

B1 ROCE It is still a better ratio than GSK

because it means for every capital

it isn’t better in the comparison

because its capital is lesser

employed more profit is being

generated

2 Gross Profit

Margin

It doesn’t have a better edge over

GSK

it has a better edge over

EKOCORP

3 Net Profit

Margin

it has a better edge over GSK It doesn’t have a better edge

over EKOCORP

C1 Earnings per

Share:

It still has a better EPS ratio than

GSK since theirs is higher

It doesn’t have a better EPS ratio

than EKOCORP since theirs is

lower.

2 Price Earnings

ratio

It is better since it takes 6years to

recoup what shareholders has

invested

Is not better since it takes

12years to recoup what

shareholders has invested

3. Earning yield performed better in this ratio than

GSK, meaning that shareholder

get a higher potential return on

their investment compared to

GSK

performed lesser in this ratio

than EKOCORP, meaning that

shareholder get a lower potential

return on their investment

compared to EKOCORP

4 Net Asset Per

share

It doesn’t have a better ratio since

it is higher than that of GSK

It has a better ratio since it is

higher than that of EKOCORP

5 Dividend per

share

They have the same good

performance

They have the same good

performance

6 Dividend

Payout Ratio

It has a lower DPR ratio than

GSK which means GSK is better

It has a higher DPR ratio than

EKOCORP which means it is

better

7 Dividend yield It is better, since it has a higher

percentage of return on

shareholders’ investment.

It isn’t better, since it has a

lower percentage of return on

shareholders’ investment.

8 Dividend

Covered

It is better as it has a higher ratio It is not better as it has a lower

ratio

D1 Gearing ratio It has a good ratio but not better

than GSK

it has a better Gearing ratio by

far since is less than 1 which

means that it is lowly geared

compared to EKOCORP

2 Total Debt to

Shareholder

fund

It is not good because it means

the company may run into risk in

the future of liquidating

It is still better due to the low

ratio indicating that the company

is stable

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency

EKOCORP plc performed better than gsk

B. PROFITABILITY RATIO: In General in the area of Profitability ratios EKOCORP

plc performed better than GSK

C. INVESTORS RATIO: In general ,EKOCORP has a better investors ratio than GSK

D. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios

GSK performed better than EKOCORP

INTERPRETATION AND COMPARISON OF THE CONSUMER’S

SERVICES SECTOR

S/

N

RATIOS ABC TRANSPORT CAPITAL HOTELS

1. CURRENT RATIO Performed less than CAPITAL

HOTELS since its ratio was 0.5:1

Performed better than ABC

transport since its ratio was 2:2.1

2. Acid Test Ratio If you take out its inventory from

current assets their find it hard to

meet to their short term debts

since the ratio was below the

general rule and industrial

average.

Performed better since its ratio

meets the general rule of 1:1

3. Receivable Collection Period It has a better ratio in this area. Its ratio is not good in this area

and not better than ABC

4 Payable Payment Period It isn’t not better because its

lesser

Its better because its more

5 Inventory Turnover Period It is not better since it has much

higher

It is better since it has much

lower

6 Receivables Turnover It is still better since the higher

the better

it is not better since the higher

the better and its lower

7 Payables Turnover It is not better since the lower the

better and its higher

It is still better since the lower

the better

8. Inventory Turnover It isn’t better because its

inventory turnover is lower

It is still better because it has

higher inventory turnover

B1 ROCE it isn’t better in the comparison

because its capital is Negative

It is still a better ratio than ABC

because it means for every

capital employed more profit is

being generated

2 Gross Profit Margin it still has a better edge over

CAPITAL HOTELS

It doesn’t have a better edge

over ABC TRANSPORT plc.

3 Net Profit Margin It doesn’t have a better edge over It has a better edge over ABC

CAPITALS HOTELS plc. TRANSPORT

C1 Earnings per Share: It doesn’t have a better EPS ratio It still has a better EPS ratio

2 Price Earnings ratio Is not better since it takes

negative 4years to recoup what

shareholders has invested

It is better since it takes 11 years

to recoup what shareholders has

invested

3. Earning yield performed lesser in this ratio ,

meaning that shareholder get a

lower potential return on their

investment

performed better in this ratio

meaning that shareholder get a

higher potential return on their

investment

4 Net Asset Per share It doesn’t have a better ratio since

it is lower

It has a better ratio since it is

higher

5 Dividend per share They are both good and the same They are both good and the

same

6 Dividend Payout Ratio It didn’t do better since it has

lower DPS ratio

It did better since it has higher

DPS ratio

7 Dividend yield It isn’t better, since it has a lower

percentage of return on

shareholders’ investment.

It is better, since it has a higher

percentage of return on

shareholders’ investment

8 Dividend Covered It is not better as it has a lower

ratio

It is better as it has a higher ratio

D1 Gearing ratio it has a ratio greater than 1

meaning it has highly geared (that

is has more of fixed interest

capital to equity) which is very

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it has a better Gearing ratio by

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It is not good because it means

the company may run into risk in

the future of liquidating

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ratio indicating that the company

is stable

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency

CAPITAL HOTELS plc performed better than ABC TRANSPORT

B. PROFITABILITY RATIO: In General in the area of Profitability ratios CAPITAL

HOTELS plc performed better than ABC TRANSPORT

C. INVESTORS RATIO: In general , CAPITAL HOTEL has a better investors ratio

than ABC TRANSPORT

LONG SOLVENCY RATIO: In General in the area of long term solvency ratios CAPITAL